



**CITY OF RYE**  
CITY HALL • RYE, NEW YORK 10580  
TELEPHONE (914) 967-5400

November 7, 2002

Honorable Mayor and Council Members  
City of Rye  
Rye, New York 10580

Dear Council Members:

This letter transmits the tentative budget for the City of Rye for fiscal year (FY) 2003 which begins on January 1, 2003. Throughout 2002, the City Council and Finance Committee have discussed the likelihood of the requirement for a significant tax increase to provide a constant service level in 2003. Thus, it will not likely be a surprise when I advise you that a 25.3% tax increase is required to balance this budget and maintain current services. The tax increase equates to a \$462 increase on the median home in Rye. The owner of a median priced home with an assessed value of \$20,700 would expect their total City tax bill to be \$2,288 in 2003. The "per capita" tax bill for our 14,955 residents equates to \$991.

As the staff and I have worked to balance this budget and trim expenses, I have kept in the forefront of my decision-making the need to confirm that our taxpayers receive good value for their tax dollar. I will focus the first part of my budget message this year on what services and service levels each of our residents purchase for their \$991.

Public Safety

Public Safety is one of our most visible and important public services. Residents rely and depend on local government to protect both their property and quality of life.

*The Police Department* provides 24/7 coverage to the community through five civilian and forty-one sworn employees. These forty-six employees will respond to almost 14,000 calls for service and ensure that:

- ❑ While most of the community sleeps, a minimum of four police officers will keep watch in our community.
- ❑ During the busy days, there will be, on average, five police officers on the street patrolling, protecting and preventing crime.
- ❑ A small, but dedicated, Detective Bureau will solve crimes and recover lost property for our residents and provide Crime Prevention liaison services for citizens and community groups.
- ❑ The Central Business District will be patrolled by a dedicated Village Patrol five days a week.
- ❑ Our school children will benefit from the presence and guidance of our Youth Officer who is a regular visitor to Rye schools.

- ❑ All fifth grade students will be able to participate in the Drug Awareness Resistance Education (DARE) program.
- ❑ Two Parking Enforcement Officers will enforce parking regulations throughout the city, with emphasis on the village and the commuter parking lots, and will collect parking meter revenue.
- ❑ School Crossing Guards will provide safe passage for our children going to and from school.
- ❑ A Marine Unit will provide search and rescue capabilities, as well as enforce the law on waterways surrounding Rye to ensure the safety of our increasingly traveled waterways.
- ❑ Proactive traffic enforcement will be conducted to enhance driver and pedestrian safety and deter criminal activity.
- ❑ Community outreach programs, such as Defensive Driving instruction, Child Safety Seat installation, and various school-based programs will be conducted.
- ❑ Police Officers will provide rapid response to medical emergencies that includes lifesaving Automated External Defibrillators (AED's) which are deployed in patrol vehicles around the clock to ensure quick response to cardiac emergencies.
- ❑ The Department will maintain the City's Emergency Operations Center (EOC) in the event of natural or man-made disaster and will provide emergency management planning and services as needed.
- ❑ Traffic and crowd control will be provided for planned and unplanned special events occurring within the community.
- ❑ An Auxiliary Police Unit will be maintained to provide additional manpower for traffic and crowd control at major events or critical incidents.
- ❑ Liaison will be maintained with local, state, and federal agencies, as necessary, to share criminal intelligence and to implement appropriate deterrent or investigative actions.

*The Fire Department* provides fire prevention and suppression services through a combination of paid and volunteer personnel. The level of funding provides 17 paid professional firefighters to support the efforts of our volunteers. The community can expect:

- ❑ A minimum of three professional firefighters will be on duty at all times to ensure a minimum of three pieces of apparatus respond to all fire alarms.
- ❑ Fire safety and prevention instruction will be provided to children at our public and private elementary schools.
- ❑ Annual fire inspections will be performed in all public places of assembly and in other establishments required by state law.

The budget does not provide funds to purchase new apparatus in 2003. The back-up ladder truck was scheduled to be replaced in 2002, and the replacement of two pumpers was requested in 2003. Unfortunately, the City has insufficient funds to do this without going to the voters for a bond issue.

*EMS* Services are provided in the City of Rye via contract with the Port Chester-Rye-Rye Brook EMS. \$77,584 is budgeted for this service which ensures an Advanced Life Support (ALS) response in less than nine minutes for all priority calls.

*Animal Control* service is provided through a contract with the Westchester Humane Society. \$27,123 is budgeted for this service, which provides animal control services (including dead animal removal, wildlife issues, and stray dog patrol) twenty hours per week.

## Public Works

The Department of Public Works is invisible to people when things go well and highly noticed when they don't. In 2003, our residents can expect that:

- ❑ Trash will be picked up twice a week at the “back door” of every house in Rye.
- ❑ Recycling will be picked up weekly at curbside at 5,100 residential and commercial properties.
- ❑ Green Waste will be picked up curbside in paper bags on all weeks without a holiday.
- ❑ Leaves will be picked up curbside in the fall if bagged in plastic bags.
- ❑ During snow events, the streets will be salted and plowed to ensure our residents have safe passage in and around our community.
- ❑ The city’s 6,227 street trees will be maintained – pruning, removal and replacement is a regular part of care of the urban forest.
- ❑ 9.6 acres of medians and grassy areas, including the Village Green, will be cut weekly.
- ❑ City office buildings (City Hall, Police Station, Nature Center and DPW) will be cleaned at least twice a week.
- ❑ 128 City-owned vehicles, 4 boats and 90 motorized pieces of equipment will be serviced and maintained by the City’s Fleet Maintenance operation.
- ❑ 53.4 miles of City-owned sewer lines, 1,495 manholes, and 7 sewage pump stations will be maintained.
- ❑ 29.9 miles of storm drains, 1,245 catch basins, and 400 manholes will be cleaned and maintained.
- ❑ City roads will be swept at least once every six weeks, and parking lots will be swept once per month.
- ❑ Twenty traffic signals and their controllers will be monitored and maintained to ensure the smooth flow of traffic.
- ❑ City crews will replace “bulbs” and maintain the 2,100 streetlights that illuminate our community after dark.

## Recreation

*Rye Recreation* delivers a comprehensive program of services, activities, and facility management designed to meet the needs and interest of our residents from pre-school thru Senior Adults. During most of the year, the operation functions seven days per week from 7:30am - 10:00pm. It is staffed by 8 full-time employees and relies heavily on PT/Seasonal work force that at peak times will exceed 150 teens and adults. Many teens obtain their first work experience and training with Rye Recreation.

Programs and Services are supported by \$603,659 in user fee revenue, and \$1,174,886 in general fund tax support. Throughout the year, our residents:

- ❑ Can elect to participate in over 150 programs, activities, and services that are available, including 12 major special events, as well as three summer day camps and various sports camps.
- ❑ Enjoy a quality play experience on 11 athletic fields at 7 locations that serve recreation programs, community programs and school district teams.
- ❑ Enjoy classes and programs at the City-operated and maintained Damiano Community Center and McDonald Building serving a wide range of program and community use.
- ❑ Feel secure knowing their children are playing at one of our 4 playgrounds that are maintained in compliance with national safety standards that include monthly inspections.
- ❑ Can know that special populations that include Senior Adults and South East Consortium will be served.
- ❑ Play recreational tennis at one of 12 tennis courts, 6 of which are lighted, and hone their skills through an extensive lesson program.
- ❑ Enjoy family and neighborhood gatherings at the City’s picnic grounds and 3 shelters at 2 locations from May - September.

*The Rye Nature Center* provides the community with environmental programs and access to a 47-acre environmental education facility six days a week. Each year, almost 30,000 visitors participate in programs and activities at the Nature Center. The Nature Center offers educational services in the form of

outreach programs and acts as an environmental information center for the citizens of Rye. This is done through the efforts of five full-time employees who together:

- ❑ Maintain a 47-acre sanctuary with 2 miles of nature trails for walking and discovery.
- ❑ Maintain the interpretive center including hands-on exhibits for learning and a multi-purpose room available for community use.
- ❑ Maintain seasonal butterfly house and honeybee hives for visitor observation.
- ❑ Enable 250 volunteers a year an opportunity to provide over 2,500 hours of service to the community. This includes an extensive teen community service program.
- ❑ Provide 3,500 Rye City School District Children with a venue for their mandatory environmental education programs.
- ❑ Provide numerous pre-school, after school, and summer camp programs that help educate about the wonders of nature and the importance of the natural environment.
- ❑ Perform wetland determinations as part of the building permit process. This is the first step in protecting Rye's wetland habitats.

*The Rye Golf Club* operates as a self-sustaining Enterprise Fund, receiving no taxpayer support, which provides recreation activities and services to its membership seven days a week, 365 days a year. The Golf Club adds 120 acres of manicured grounds to the already beautiful landscape of Rye, and it also provides an ongoing natural habitat for the Long Island Sound wildlife. The Club grounds are also home to Whitby Castle as a public restaurant and catering facility. The Club offers seasonal employment for many of the community's youths and provides an educational and enjoyable work experience. All Rye residents are eligible to join Rye Golf Club where members enjoy:

- ❑ 18 hole championship golf course open year round.
- ❑ 3 putting greens, practice bunker, and driving nets.
- ❑ Use of golf course for civic and charitable outings, including Rye High School League and Tournament play.
- ❑ Junior & adult golf clinics.
- ❑ Administrative and membership offices, golf and pool locker room facilities, Pro shop and golf bag storage, starters booth, snack bar and member lounge.
- ❑ Olympic-sized swimming pool with separate diving, lap swim, and recreational areas that is host to local and county swim meets.
- ❑ Varied outdoor recreational opportunities for the whole family that include a large kiddy pool and fenced in play area, volleyball, ping pong, basketball, and other outside recreation areas, with special activities planned regularly for children and seniors.

*The Boat Basin* provides an affordable municipal boating / marina facility primarily to Rye residents and operates as an Enterprise Fund receiving no general taxpayer support. The Boat Basin is staffed with three-full time employees and one seasonal / part time employee. Together they:

- ❑ Construct and maintain almost one mile of linear dock space.
- ❑ Maintain over 400 slips for boats ranging in size from 12-foot runabouts to 39-foot cabin cruisers. Additionally, the Boat Basin provides 48 kayak / canoe storage slips, both wet and dry for personal watercraft.
- ❑ Provide and maintain a winter storage facility that handles upwards of 170 various sized boats during the winter season.
- ❑ The general public and slip holders alike enjoy public access to the water and enjoy additional facilities including a picnic / gazebo area and landscaped walking area along Blind Brook.
- ❑ Slip holders have access to an extensive shore power electrical system as well as a very extensive water system both on the docks and in the upland storage facility.

- ❑ The boating public benefits from the Boat Basin's maintenance of the one-mile long entrance channel. This is in addition to the frequent dredging requirement of the 420,000 sq. ft. Boat Basin.

### Land Use Control

*The City Planner* provides professional planning assistance to the City Planning Commission, City Council, and other Boards and Commissions. The City Planner reviews and processes a full-range of land development applications and assists Rye residents, businesses, and professionals with a variety of planning-related matters. The existence of a full-time professional planner provides the capacity to focus on and support special planning projects and long-range planning initiatives of the City.

*The Building Department* provides a number of different services to the residents of Rye, design professionals, attorneys, real estate professionals, and other city agencies. The department is staffed by a Building Inspector, an Assistant Building Inspector/Code Enforcement Officer, an Office Assistant, and a part-time Inspector. Together they:

- ❑ Provide information to the public in regards to the City Code and New York State Building Code.
- ❑ Provide direction to design professionals.
- ❑ Review applications and plans for over four hundred building permits each year.
- ❑ Inspect the work being done under a building permit – on average making 1,500 inspections per year.
- ❑ Provide round the clock assistance to the Fire Department at fire scenes when requested.
- ❑ Provide professional staff assistance to the Board of Architectural Review and Zoning Board of Appeals.
- ❑ Provide information to the Planning Department in regards to subdivision and site plan reviews.
- ❑ Maintain the land use records for all the properties in Rye.
- ❑ Investigate complaints and issue approximately fifty violations each year to protect the quality of life in our community.

*The Director of Public Works/Engineering* spends approximately 40% of his time on Engineering and is assisted by one Assistant Engineer fully dedicated to the Engineering function. Together they:

- ❑ Manage all Capital projects authorized by the City Council.
- ❑ Process Surface Water and Erosion control regulations.
- ❑ Ensure compliance with regulations related to sanitary and storm sewers.
- ❑ Support the Planning Commission in its review of subdivisions and site plans.
- ❑ Issue street opening permits and inspect work associated with these permits.

### General Government Services

*The City Manager* is the Chief Administrative Officer of the City and her office provides leadership, guidance, and supervision to the entire organization to ensure the efficient and effective delivery of all municipal services.

*The Personnel Department* is charged with the important function of complying with state Civil Service laws, recruiting and maintaining quality employees, providing benefit and personnel related assistance to the City's 174.5 FT employees and 249 PT/Seasonal employees, and ensuring safety in the work environment through compliance with applicable safety regulations. One Assistant to the City Manager spends approximately 80% of her time on this function with the support of a part-time intermediate clerk.

The City's legal interests are protected by a part-time *Corporation Counsel* and full-time secretary who:

- ❑ Provide legal advice to Council Members, the City Manager, and other employees and agencies of the City.
- ❑ Prosecute local Code and traffic violations in City Court
- ❑ Prepare and review legislation
- ❑ Defend the City and City Officials in lawsuits and prosecution of lawsuits brought against the City and coordinate with the assigned counsel for the City's insurance agency.

*The City Clerk's* office is open five days a week during regular business hours to serve Rye residents, business owners, and others seeking assistance from City Government. The City Clerk's office:

- ❑ Issues licenses and permits of all kinds (marriage licenses, dog licenses, fireworks permits, parking permits, taxi permits, etc.) and greets a constant stream of Rye residents daily.
- ❑ Handles all the administrative functions for the Board of Appeals.
- ❑ Coordinates the offerings for bids and contracts.
- ❑ Writes and posts the official minutes of the City Council meetings.
- ❑ Runs all city, local, and national elections.
- ❑ Maintains all official city records.

*The Finance Department* provides accounting, auditing, and financial reporting services of the city, including property tax billing and collection, cash receipts processing, accounts receivable billing and collection, purchasing, accounts payable, cash disbursements, payroll, parking violations billing and collection, debt management, and financial reports for departments, city management, and the public. The Finance Department also manages the Management Information Systems (MIS) function for the City. A total of 9 authorized positions will:

- ❑ Issue 6,100 vendor checks against 9,700 invoices/statements.
- ❑ Issue 800 purchase orders and 300 change orders.
- ❑ Maintain ledgers with a chart of accounts for 491 organization codes (funds, programs, functions and cost centers), 2,697 expenditure accounts, 706 revenue accounts, and 87 active projects.
- ❑ Post 2,117 general journal entries requiring individual entries to over 27,000 accounts
- ❑ Issue 6,800 paychecks in 36 payrolls to approximately 175 full-time employees, and approximately 200 seasonal employees.
- ❑ File over 250 payroll-related reports to state and federal agencies.
- ❑ Enter approximately 5,000 changes to payroll-related information concerning employee pay status.
- ❑ Issue and process approximately 5,000 property tax bills and Rye Neck Union Free School District property tax bills.
- ❑ Issue a Comprehensive Annual Financial Report, for which we have received the GFOA Excellence in Financial Reporting Award since 1996.
- ❑ Issue quarterly financial reports and an annual Financial Trends Report.
- ❑ Issue various internal reports and analysis to departments and city management and provide copies of financial information as may be requested by the public, vendors, banks, rating agencies, and others.

Assessed valuation and the property tax levy are the ingredients used to establish the tax rate. *The Assessment Department* has the essential task of capturing the value of all real property within the City limits, to the extent permitted by law, to ensure that the tax burden is equitably distributed. Additionally, increases in assessed value help to offset increases in the tax rate. In Rye, this is accomplished by three employees in the Assessor's office who:

- ❑ Assess new construction to ensure equitable distribution of the various tax levies.
- ❑ Monitor, review, and challenge, when appropriate, New York State issued equalization rates to ensure City taxpayers are being treated fairly in the County and Rye Neck School District tax apportionment.
- ❑ Provide information to residents concerning various tax exemptions including veterans, senior citizens, and STAR and assist in the application process.
- ❑ Represent and defend the City in tax certiorari and small claims proceedings.
- ❑ Maintain various property records including deeds, surveys, and property inventory which assists homeowners, realtors and appraisers when buying/selling property or refinancing their mortgage.
- ❑ Provide property valuation and tax information to public.
- ❑ Prepare State and County mandated annual assessment reports.

From a policy perspective, the question for the Council to explore is whether the cost of government is too high for the outcomes I just articulated. Are these the services the community wants, and is the price one it can and will afford? If the answer is no, then the Council will need to focus on what **is** an acceptable cost of government and what are the service priorities. Only then can we develop a budget that meets the acceptable cost and accomplishes as many service priorities as possible for that price.

### Outside Agency Requests

#### **Rye Free Reading Room**

In 2003, the Tentative Budget provides \$789,390 for the Rye Free Reading Room to provide library services to Rye Residents. This is the same dollar amount allocated in 2002. The Library Board requested a 9.8% increase in City funding for a total of \$866,637. The unfunded difference between their request and this tentative budget is \$77,247 and would require an additional tax increase of 0.7%. It is clear that the expectation of the Library is that taxpayer funding will need to increase to cover increased operating costs from the Library expansion. This is a long-term financial issue for the Council and Library Board to discuss and come to terms with.

#### **Rye Youth Council**

In 2003, the Rye Youth Council will receive \$25,000 from the City of Rye to provide cultural and recreational activities for youth – identical to what was provided in 2002. Additionally, the City, as it has in the past, will act as a sponsor organization, allowing the Rye Youth Council to receive almost \$5,000 in State Aid for youth. The Rye Youth Council requested \$32,500 for 2003, a \$7,500 or 30% increase over 2002, which would require an additional tax increase of 0.1%. They will relocate from the City-owned McDonald Building in the spring of 2003 and move into the newly renovated YMCA.

#### **Rye Historical Society**

In 2003, the City will provide funds to paint and maintain the Square House, as well as an additional \$20,000 to ensure that City archives are properly cataloged and maintained. The \$20,000 service contract is the same service level that was funded in 2002.

### Comparison to July Forecast

At the Council's request, in July 2002 I provided a preliminary forecast that suggested the 2003 tax increase would be approximately 29%. Since July, the staff worked hard to examine and refine estimates for both expenses and revenues to finalize the numbers. The following "changes" have occurred since July for comparison purposes:

Item	July Forecast	Tentative Budget	Explanation
Assessed Value	\$135,526,811	\$134,174,171	Assessor provided final Assessed Value in September of 2002.
Non-property tax revenue	\$6,647,014	\$6,546,894	Decline in anticipated Building Department Revenues – barely on target for 2002.
Transfer from Fund Balance	0	\$596,000	For Capital expenses.
Projected Deficit	\$3,419,793	\$3,593,333	Deficit increased by \$173,540
Transferred to B&V/CIP	0	\$581,000	For Capital Expenses
Employee salary expenses	\$626,270	\$529,815	Attributed to normal changes in employee workforce (i.e., turnover of "higher paid" employees)
Employee Benefit Costs	\$434,834	\$747,223	Notice from retirement system re: increased retirement fund charges, and Health Insurance is increasing on average 21% (15% was projected in July).
Planned technology acquisitions	\$200,000	\$168,660	Actual Technology requests totaled \$300,000. Eliminated City Clerk Automation project, as well as a network-wide operating system upgrade that would have eliminated software/compatibility issues, as well as many smaller miscellaneous expenditures, i.e., printers, scanners, other peripheral upgrades, and microfilming old records.
Debt Service	\$705,590	\$491,935	Assume the EFC Loan will not be refinanced until 2003 and payments will not begin until 2004.
Required Tax Increase to "close the gap" without decreasing services	29%	25.3 %	

Given that the result of the changes above increased the deficit, yet the proposed tax increase is smaller than what was forecast in July, you may ask how we made it up. This year, the Departments were given budget "targets" to meet that were roughly equivalent to their 2002 budget. Most departments submitted budgets that were *under* their target, and additional reductions were made during my review of the budgets; even with required technology enhancements, discretionary budgets were collectively reduced by 2.5%.



### The 2003 Capital Improvement Budget

The 2003 through 2007 Capital Improvement Plan was submitted to the Council in August 2002. With regard to projects in the Tentative CIP, we had to reduce the projects proposed for 2003 in order to minimize the transfer from Fund Balance and stay below our Charter Debt Limits.

The following list identifies the projects initially proposed for 2002 and how they were initially to be funded (current revenues or bonding), with a final notation of whether they remain in the Tentative budget and, if so, how they will be funded.

Project	Cost	Initial Funding Recommendation	Final Recommendation
Annual Drainage Program	\$50,000	Current Funds	Same
Sewer Rehabilitation Program	\$100,000	Current Funds	Same
Annual Street Resurfacing Program	\$200,000	“CHIPS” State Aid	\$240,000 \$200,000 “CHIPS” and \$40,000 from new fee per <i>Maximus</i> Study
Annual Sidewalk Program	\$50,000	Current Funds	Same
Traffic Safety Program	\$15,000	Current Funds	<b>Not Funded</b>
Traffic Signal Improvements	\$180,000	Debt	Same
City Hall Office Refurbishment	\$50,000	Current Funds	<b>Not Funded</b>
Sewer Pump Station Improvements	\$240,500	Debt/EFC Loan	Same
Kirby Lane Sewer & Drainage	\$1,380,000	Debt/EFC Loan	Same
Police Impound Facility	\$100,000	Debt	<b>Not Funded – will explore temporarily leasing space</b>
Police Building Improvements	\$101,000	Current Funds	Funded via Debt
DPW Garage Improvements	\$60,000	Current Funds	Same
DPW Garage Lift System	\$50,000	Current Funds	Same
Skate Park	\$75,000	Current Funds	<b>Not Funded</b>
Disbrow Tennis Court and Fence	\$65,000	Current Funds	<b>Not Funded</b>
DPW Fuel System	\$50,000	Current Funds	Same
Square House Foundation	\$ 25,000	Current Funds	Same
Friends Meeting House Foundation	\$ 40,000	Current Funds	Same

### Organization of the Budget

The City’s financial operations are divided among nine funds as follows:

#### **General Fund**

This is the principal fund of the City and includes all operations not required by law or policy to be recorded in other funds. The Tentative 2003 General Fund Budget is up 6.6% over the adopted budget for FY 2002.

The proposed property tax rate of \$110.52 per \$1,000 of assessed valuation is a 25.3% increase over 2002. The property tax levy of \$14,828,812 equals 67.5% of General Fund appropriations.

Provision for risk retention is up \$64,796.

The budget includes a reserve for Contingency of \$225,000.

### **Rye Community Television (RCTV) Special Revenue Fund**

This fund is responsible for all City costs associated with the operation of the community access cable television and administration of the cable television franchise. Franchise fees received from Cablevision of Westchester and other fees and donations it generates fund it.

The 2003 budget proposes appropriations of \$173,960. Revenues are estimated at \$180,701.

### **Rye Nature Center Special Revenue Fund**

This fund is responsible for the operation and maintenance of the Rye Nature Center. Total appropriations of \$354,575 are offset by operating revenues of \$130,370, interest earnings of \$1,000, transfers in from the General Fund of \$185,125, K.T. Woods Permanent Fund \$3,000, and \$22,500 in gifts and donations, \$21,000 of which will come from the Friends of the Rye Nature Center. The "Friends" have indicated they are willing to set aside \$21,000 in 2003 only if current service (and staffing) levels can be guaranteed.

### **Debt Service Fund**

This fund is used to account for the payment of interest and principal on City debt (except for the Enterprise and Internal Service Funds). Expenditures of \$144,057 are required in 2003, a decrease of \$5,296 from 2002 and fully funded by operating transfers in from the General Fund.

### **Boat Basin Enterprise Fund**

This fund is responsible for the operation and maintenance of the DePauw Municipal Boat Basin. Revenues are forecast to be \$475,850 while operating expenses are budgeted at \$404,367. Revenues reflect an increase in user fees (3% for residents and 5% for nonresidents) as recommended by the Boat Basin Commission.

### **Rye Golf Club Enterprise Fund**

This fund is responsible for the operation and maintenance of the Rye Golf Club. Revenues are forecast to be \$3,809,420 while operating expenses are budgeted at \$3,824,512. This reflects adjustments in user fees recommended by the Rye Golf Club Commission. Membership fees are increased, on the average, by 5%.

### **Risk Retention Internal Service Fund**

This fund is used for insurance reserve funds to pay claims, judgments, and losses in lieu of or in addition to purchasing coverage from insurance companies. Total expenses are forecast at \$582,000 with revenues estimated at \$473,000. The remainder of funding will come from the use of retained earnings.

### **Building and Vehicle Maintenance Internal Service Fund**

This fund is responsible for costs of maintaining and operating the City's buildings and its fleet of motor vehicles. These costs are distributed to various cost centers. Expenses are budgeted at \$2,672,275. Revenues are estimated at \$2,672,275. Debt service paid for by the Building and Vehicle Fund increased from \$493,988 in 2002 to \$920,011 in 2003. Capital Projects in the Building and Vehicle Fund total \$682,000. Of this amount, \$101,000 will be funded by debt, transfers in from the General Fund will fund \$381,000, and \$200,000 will be funded by the use of retained earnings.

In assessing the City's fleet, the Building and Vehicle Committee established a set of guidelines for vehicle replacement that can be found on page 3-81 of the budget document. These indicators guided the fleet replacement decisions for 2003. There are two exceptions, however, that I would note in the replacement schedule. Traditionally, the Administrative Fleet uses unmarked Police cars after they have reached their useful life as Police cars but could still be used for normal driving. This is an inexpensive way to provide staff cars for vehicles that receive minimal mileage on an annual basis (MIS, Assessor and Building). This year, I have recommended that two of these vehicles be replaced with new Gas/Electric Hybrid vehicles at an estimated cost of \$22,000 each. These vehicles will get mileage in excess of 50 miles per gallon, compared with the estimated 12 miles per gallon the larger, old police vehicles achieve. The "cost" of taking this environmentally proactive approach is offset by the proceeds from auctioning the police vehicles – they bring in between \$3,300 (older Chevrolets) and \$5,700 (newer Crown Vic's) at our annual auction, depending on condition. In addition, the additional Police Parking Enforcement Vehicle will be another zero-emission GEM Vehicle rather than a recycled patrol vehicle. I would like to see us integrate alternative fuel vehicles into our fleet, and these acquisitions are included in the following replacement chart.

YEAR	MAKE/MODEL	UNIT#	Department	COST	MILEAGE USE <sup>1</sup>	REPLACE WITH
1995	Chevrolet	Lumina	Building	\$ 22,000	106,000	Hybrid
1988	GMC 2500	Truck 10	DPW	\$ 28,000	64,482 mi.	Same
1993	Bandit 200T	Bandit Chipper	DPW	\$ 12,000	18,247 hrs.	Same
1992	Chevy 3500	Truck 2	DPW	\$ 45,000	52,135 mi.	Same
1993	Chevy 3500	Truck 13	DPW	\$ 45,000	52,812 mi.	Same
1993	Chevrolet	Lumina	Engineering	\$ -	60,000	Recycle REC
1995	Chevrolet	Caprice	MIS/General Government	\$ 22,000	105,509	Hybrid
1994	Chevrolet	Caprice Car 29 (PEO)	Police	\$ 10,000	71,600	GEM
1994	Chevrolet	Caprice Car 30 (AUX)	Police	\$ -	38,950	Recycle Patrol Vehicle
2001	Ford	CV Car 11	Police	\$ 25,000	10,850	Crown Vic
2001	Ford	CV Car 15	Police	\$ 25,000	13,200	Crown Vic
2001	Ford	CV Car 16	Police	\$ 25,000	7,500	Crown Vic
2001	Ford	CV Car 18	Police	\$ 25,000	3,530	Crown Vic
	Outboard Engine		Police	\$ 10,000		
	Toro	AFC	Recreation	\$ 12,500		
1997	Chevrolet	Lumina	Recreation	\$ 22,000	60,000	Mid/Full Size
1997	Proline	Tennis Roller	Recreation	\$ 6,500	5 years	
1992	Ford	12 Pass Van	Recreation	\$ 21,000		Same
				\$356,000		

#### Financial Policies

The budget is generally consistent with the financial goals and policies established by the City Council as highlighted below:

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<sup>1</sup> As of July 1, 2002

**Current operating expenditures will be paid for from current operating revenues.**

In 2003, all funds pay for current year operating expenses from current operating revenues – with no anticipated drawdown in reserves for daily operations.

For the past several years, the City's General Fund Operating Budget was balanced by appropriating excess Fund Balance. In 2002, the Fund Balance transfer was \$1.3M. The direction for 2003 was to discontinue this practice and balance the budget with current operating revenues consistent with the adopted policy. 10.1% of the required 25.3% tax increase is due to this more prudent fiscal practice.

**General Fund's unreserved undesignated fund balance will be maintained at a level at least equal to 5% of the total General Fund.**

The General Fund's audited unreserved undesignated fund balance as of December 31, 2001 was \$1,692,241 or 9.471% of 2001 revenues and 8.49% of 2001 expenditures. The Tentative 2003 budget forecasts a reduction in the unreserved undesignated fund balance as of December 31, 2003 to 6.32% of 2003 revenues and 6.15% of 2003 expenditures which is consistent with City Council policy.

**A diversified and stable revenue base will be maintained while striving to reduce the reliance on the property tax and intergovernmental revenues for operating purposes.**

The 2003 tax rate would increase 25.3% over the fiscal 2002 tax rate.

The proposed property tax levy would equal 67.5% of total 2003 expenditures. The Golf Club and Boat Basin remain financially self-sufficient, the Nature Center generates 43% of its operating costs, while the Recreation Department will recover 35% of its operating expenses.

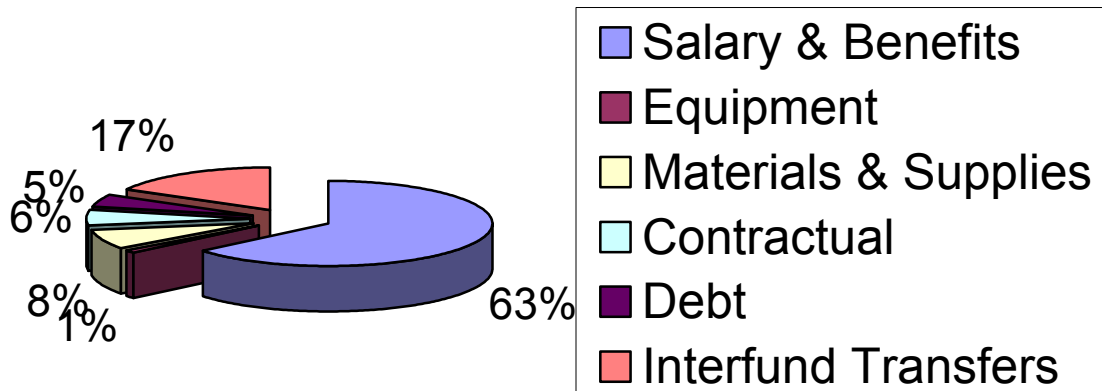
Policy Discussions

We have worked hard to present a budget to the City Council that maintains services for the least possible tax increase in 2003. Still, we realize that the proposed tax increase is higher than what people have come to expect in Rye, and the staff stands ready to provide assistance to the Council as you wrestle with these complex policy issues.

As part of our budget preparation process this year, I requested that Department Heads quantify for me the cost of a 5% across the board reduction. It is easy to assume that such a reduction can be made without necessarily impacting services. This organization has "trimmed fat," cut out excess expenses and "tightened its belt" every year for the last ten years. Last year, Departments reduced "discretionary" spending by over \$100,000, and this year, we cut another \$75,000.

In terms of magnitude, 5% of the City's General Fund Budget is over \$1,000,000 – the "discretionary" portion of the City's budget is only \$2.9M – and even then the department heads would debate how much discretion they really have over some expenses. Given that 63% of the total appropriation relates to salary and benefits, and an additional 5% relates to fixed debt service costs, and 8% relates to internal transfers – it is easy to see that reducing the budget by even 5% would require that positions be eliminated and services be cut back.

## General Fund Expense Distribution



- ❑ In the Police Department, a 5% reduction would mean reducing expenditures by over \$250,000. This equates to three patrol officers (one per squad for those providing protection from 8 AM to Midnight) and one parking enforcement officer (whose elimination could adversely impact revenues).
- ❑ In the Public Works Department, a 5% reduction would equate to a \$270,000 reduction. This would require that we reduce the DPW workforce at least four positions. Less dramatic savings could be achieved by
  - Turning off “every other street light” and save \$72,500;
  - Community beautification efforts could be reduced including the Saturday clean-up crew, flower watering, additional street-sweeping in the CDB, flower planting and seasonal employees to achieve a \$63,000 savings;
  - Eliminate daily cleaning of City Hall and the Police Station by eliminating one custodian and potentially save \$37,000.
- ❑ In the Fire Department, this would be a reduction of over \$115,000. This would require the elimination of at least two professional firefighters and realistically would require that we reduce our “standard” response to a minimum of two pieces of apparatus rather than three – an initial response that could increase fire loss for our residents and potentially impact our ISO Ratings.
- ❑ For General Government, 5% is almost \$140,000. We could eliminate the part-time position in the City Clerk’s office and produce a savings of \$12,000; delay salary increases for Administrative employees to July 2003 rather than January 2003 and produce a one-time savings of \$45,000. The General Government Departments are small and the loss of even one full-time employee would have impacts on customer service – accomplishing a 5% reduction would require that two full-time employees be eliminated.
- ❑ With regard to Recreation, the voters just approved a large bond issue for Recreation – this approval will require increases to the annual operating budget for Recreation functions, and so proposing even a 5% reduction seems like a step in the wrong direction.
- ❑ The City could consider closing or eliminating General Fund Support for the Nature Center, – again a direction probably inconsistent with the desires of the community, but the cost savings to the General Fund would be \$188,125.

Earlier this year, the Council suggested that dramatic reductions in staff and services would not be acceptable because our residents want quality municipal services. I appreciate and share that perspective. This is an efficient operation that does the best it can to serve the residents of this community with the resources provided. I feel confident that our residents receive a good value for their tax dollar and that the cost of city government is not excessive. So I am clearly not recommending any of the cuts listed above.

It may be, however, that some reductions in services would be palatable for the community, and those deserve legitimate and thoughtful consideration. Perhaps people do not really “need” twice a week refuse collection. This would allow five Refuse Worker positions to be eliminated and save approximately \$330,000 per year. It is a legitimate question to explore but, again, is likely to be met with some opposition by individuals who would not want to change this service.

The “other” way to close the gap is on the revenue side. Earlier this year, the Finance Committee proposed some actions that may deserve further consideration.

- ❑ A General Fund “surcharge” for non-resident Golf Club Members and Boat Basin slip-holders to offset the general taxpayer “support” of these operations. A \$75 surcharge would produce approximately \$45,000 in revenue for the General Fund, but the Golf and Boat Basin Commissions soundly rejected and oppose this proposal.
- ❑ Imposing a mooring fee on all boats moored in Rye waters could provide a new revenue source for the General Fund. A conservative estimate of 500 moorings at \$100 each would produce \$50,000 in revenue. Imposing such a fee would require significant staff work and likely take six or more months to implement.

In addition:

- ❑ The results of the Recreation User Fee Study are available for consideration by the Recreation Commission and City Council as we work through the budget process and provide the potential for revenue increases in 2003 if implemented.
- ❑ Last year, I suggested that the City could reduce the tax levy by \$2,000,000 by taking refuse and recycling services off the tax levy and creating an Enterprise Fund to finance this. As noted last year, this is a very common funding mechanism for municipal waste collection and should be explored. Different pricing structures for household waste have also been found to have positive impacts on the environment by reducing the amount of waste generated. If we were prepared to take this action in 2003, the required tax increase would be closer to 10%.
- ❑ County Executive Spano has proposed that an additional 1% sales tax be added as a mechanism for closing the County’s Budget gap. If the legislature were to pass the County Executive’s proposal as written, the City would receive an estimated \$516,000 in Sales Tax revenue in 2003, which would reduce the required property tax increase for this tentative budget to 21%.

### Budget Process

This year, Budget Workshops are scheduled for Tuesday, November 12 and Wednesday, November 13 at 7:30 PM. The Budget Public Hearing is scheduled for Monday, December 2, 2002, at 8:00 PM. According to the City Charter, the City Manager presents a “tentative” budget. The City Council may make changes up to ten days prior to the scheduled public hearing. The public hearing is technically held on the budget as *proposed* by the City Council. During budget workshops, which will be posted as special meetings of the City Council, the Council may make modifications to the budget by a simple majority vote. Changes to the proposed budget must be made by November 21, 2002 in order to properly notice the Public

Hearing. Following the public hearing, a super-majority of the Council is required to modify the budget. Budget adoption is scheduled for Wednesday, December 18, 2002.

#### Conclusion

I would like to take this opportunity to thank all involved in preparing this budget document and the proposals contained within it. All of the Department Heads and their Administrative Staff contribute in a significant way to this annual event. I appreciate everyone's participation and effort, and especially want to acknowledge Comptroller Michael Genito and his able staff, Mary Lou McClure, Carolyn Ottly, Kathy Maccio and Angela Runco; Dawn Nodarse from the Law Department; and Casey Liebst, Julie Schmitter, and Carol Johnson of the City Manager's office whose assistance I value and appreciate.

I look forward to a thoughtful and constructive dialogue with the City Council, Finance Committee, and the public during the coming weeks.

Respectfully submitted,

Julia D. Novak  
City Manager

JDN/cwj